



**Testimony before the Joint Fiscal Committees
on the SFY 2016–17 Executive Budget
Human Services Budget Hearing
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The Schuyler Center would like to thank the chairs and members of the respective human services committees for the opportunity to submit testimony on the 2016-17 New York State Executive Budget. The Schuyler Center is a 144-year-old statewide, nonprofit organization dedicated to providing policy analysis and advocacy in support of public systems that meet the needs of people in poverty. The Schuyler Center often works on areas that fall between multiple systems including health, welfare, human services, and early care and learning.

Schuyler Center leads and participates in several coalitions, including convening a statewide workgroup on maternal, infant, and early childhood home visiting, which brings together State agencies, providers and advocates to strengthen coordination between and access to important dual-generation interventions. For more about Schuyler Center and our work, please visit our website www.scaany.org.

Thank you for this opportunity to submit testimony.

Overview

Poverty and inequality threaten the State's economic vitality and strain New York's public systems including health, education and public safety. One in five households have income below \$20,000 per year and the gap between those at the top and those at the bottom has increased dramatically in recent decades. Household income among that bottom fifth has not changed since the 1970s.¹

After several years of recession and a slow recovery, poverty rates remain high, particularly for our children and for those who live in urban areas.² The effects of living in poverty, even for a short period of time, have been well documented. Poverty in childhood is strongly associated with cognitive, behavioral, social and emotional difficulties, and with the lifetime effects of compromised educational and employment attainment.³ The implications are significant, lifelong and societal.

Far too many people in New York State still struggle to put food on the table and to adequately provide for their children. Schuyler Center for Analysis and Advocacy urges the State to put children and families who live in poverty at the center of public discourse and renew the State's commitment to fight poverty by expanding opportunity.

The last several years of growing need and flat or reduced funding have taken their toll on the human services system that families depend upon. The human services sector should be prioritized for reinvestments to strengthen the State's infrastructure.

Early Care and Learning

It is widely recognized that the earliest years of a child's life are extremely important for health, development and learning that can last a lifetime. A strong early start is a major predictor of future success and is particularly important to mitigate disparities in health, education and other long-term outcomes.⁴

Invest an additional \$190 million for child care subsidies in the 2016-17 Budget

Child care subsidies are essential to ensuring that New York's low-income families have access to quality child care, not only as an important child development resource, but also as a means of allowing parents to work. At a time when New York is focusing its attention on early learning programs, such as Pre-Kindergarten, the State must continue to invest in child care subsidies to support its families, and provide quality care to young children and those who do not have access to a Pre-Kindergarten program.

Under the federal Child Care and Development Block Grant Act (CCDBG), signed into law in 2014, new, important health, safety, and quality initiatives will be required for New York's child care providers. While the law recognizes the importance of high-quality care to child development and imposes requirements that support continuity of care, safety, and quality, the improvements come at a cost. New York must increase its investment in child care in order to meet these new standards and maintain funding for low-income families currently served by the child care subsidy program.

The law's new health and safety provisions will require a significant investment in order to ensure that requirements are met without a loss of child care subsidy slots. The estimated cost for implementing these provisions is \$90 million. The Schuyler Center joins *Winning Beginning NY* in asking for an investment that will allow the State to implement federal regulations without a loss of slots, and that will add new slots for unserved children.

The CCDBG Act also requires programmatic changes, including a 12-month eligibility criteria, a graduated phase-out of assistance and an emphasis on serving homeless families, among others. These changes, which the State must make to receive continued CCDBG funding, will expand eligibility and help to address continuity of care. However, if New York is to implement these changes without a loss of subsidy slots, an investment of an additional \$100 million will be required.

Schuyler Center urges the Legislature's support for an additional investment of \$190 million in child care funding in the 2016-17 State Budget to meet federal safety and quality standards without jeopardizing the child care slots families rely upon.

Expand and strengthen Evidence-Based Maternal, Infant and Early Childhood Home Visiting

Maternal, infant and early childhood home visiting has been proven to produce positive outcomes that deliver measurable savings—in improved birth outcomes, increased school readiness, higher rates of parental employment, as well as reductions in child abuse, future mental health and criminal justice costs, and dependence on welfare. These programs also deliver measurable savings in the short, medium and long-term. For example, prevention programs have been shown to reduce child maltreatment by approximately 50%, and cost far less than health care and social services for an abused or neglected child.

In fiscal year 2007-08, New York State's budget included \$25.2 million for the Healthy Families New York (HFNY) Home Visiting Program. In 2008-09, the financial crisis led to an 8% reduction for HFNY to \$23.3 million. Funding has been held at \$23.3 million since then, and the 2015-16 Executive Budget continues that funding level. A survey of programs completed in 2013 by Prevent Child Abuse New York found that continued flat funding is resulting in an erosion of services and staff reductions at home visiting programs that have either not been able to keep up with cost increases or have suffered because of funding instability.⁵

The Schuyler Center appreciates that the Governor retained \$3 million in funding for the Nurse-Family Partnership (NFP) program. NFP is an evidence-based home visiting program providing services in 11 counties across the state. It is a program that gets results: stronger, healthier moms, healthier kids and long-term savings to the locality and the State in health, social service and even criminal justice costs.

In addition to HFNY and NFP, there are other successful home visiting models that support and strengthen families. We ask the Legislature to include funding for additional home visiting programs to expand the reach of services and address the diverse needs of communities across the state.

Schuyler Center urges the Legislature to support home visiting programs and infrastructure:

- *Add \$4.5 million to the Executive's \$23.3 million (\$27.8 million) for Healthy Families New York to support workforce development and the expansion of services.*
- *Add \$2 million to the Executive's \$3 million (\$5 million total) for Nurse-Family Partnership.*
- *Add \$3 million to expand Parent as Teachers to unserved populations.*
- *Add \$2 million for Parent-Child Home Program.*

Child Welfare

The child welfare system serves some of the state's most vulnerable children and their families. The system includes the Statewide Central Register (SCR), child protective services, foster care, adoption and post-adoption. The responsibilities placed upon the child welfare system are enormous and profound, and adequate resources are required if the system is to fulfill them.

Restore the State share for essential child welfare services from 62% in the Executive Budget to 65%, as is written in current statute, using the 3% restoration for primary prevention

The Executive Budget maintains funding for preventive, protective, adoption, independent living and after-care services at 62% State share, as did the enacted 2014-15 Budget, instead of restoring it to 65%, as is written in statute. Localities use these funds to provide essential services to families and their children who become involved with the child welfare system with the aim of keeping children safe, preventing foster care placements, and preventing re-reporting and re-entry. The direct and indirect costs resulting from our failure to prevent children's maltreatment is staggering. The costs grow significantly as maltreated children become adults. One study found that the total lifetime estimated financial costs associated with just one year of confirmed cases of child maltreatment in the United States is \$124 billion.⁶ This funding is absolutely critical for the State in terms of reducing expenditures associated with Medicaid, unemployment, homelessness, and public benefits.

At present, State reimbursement for preventive services, pursuant to Social Service Law Section 153-k, requires a child welfare case to be opened in order for a family to receive services. The requirements to open a case and document risk of foster care entry mean that there are very few opportunities for upstream efforts—primary prevention or community-based family strengthening services. As a result, local social services districts' ability to effectively intervene when preventive resources can be most effective—before maltreatment occurs—is severely compromised. Further, many families are hesitant to voluntarily participate in these preventive services due to the stigma of an open case and the associated fear of having their children removed. By failing to invest in true primary prevention and family support, we miss the opportunity to strengthen families in a community setting before children are maltreated. Investing in primary prevention and family strengthening services that are proven to prevent maltreatment before it occurs by reducing factors that put children at risk and increasing the factors that protect from risk is better for children, families, communities and taxpayers.⁷

Schuyler Center urges the Legislature to re-assume the 65% State share, as provided in statute, and to reserve that increased funding for community-based primary prevention services that reach families before there is a risk of removal to foster care. It is absolutely critical that this funding remain open-ended.

Fully fund the Foster Youth College Success Initiative to support youth in foster care in pursuing higher education

Only two to seven percent of foster youth complete a two- or four-year degree. However, the best way to ensure that a youth will secure and retain good-paying employment in adulthood is a college education.⁸ Last year, the Legislature added funding to the budget for the Foster Youth College Success Initiative, and this year the Governor has maintained that \$1.5 million in funding for the program. However, more funding is needed to meet the needs of numerous youth who are—or were—in the foster care system to pursue higher education.

The State must fulfill its responsibility to the youth entrusted to its care and ensure they are prepared to lead independent and fulfilling lives by adding \$3 million to the Executive's \$1.5 million (\$4.5 million total) to support youth pursuing higher education who either are or have been in foster care.

Strengthen Kinship Guardianship Assistance (KinGAP) and fund it as a permanency option outside of the Foster Care Block Grant

A relative is a preferred caregiver for children who are removed from their birth parents because such placements help to maintain connections to family and culture. The State should provide robust funding for programs that support families willing to step in and care for young relatives when the parents cannot.

The Executive Budget continues to fund the Kinship Guardianship Assistance Program (KinGAP) through the Foster Care Block Grant (FCBG), thereby diverting scarce funds from critical programs that aid foster youth, to fund a program that is not foster care, but a permanency option. In 2011, New York implemented KinGAP using funds from the FCBG, with the intent to use the FCBG for a period of just one year, but KinGAP continues to be funded through the block grant. Although the number of children in foster care has declined, the health and service needs of the children who are in care are significant and costly. The FCBG funds must be preserved to meet their needs.

Relatives in approved or certified foster care settings can apply for KinGAP when both adoption and family reunification are ruled out. Many of these families need financial assistance to continue caring for a foster child in their home. With this option, kin families can exit the foster care system and continue to receive financial support while still caring for the relative child.

However, some restrictions on the program make it difficult for some families to participate. While New York has extended foster care until age 21, KinGAP payments currently only continue past age 18 if the guardianship arrangement is completed after age 16. This creates a disincentive for families to assume KinGAP guardianship earlier. Furthermore, KinGAP uses a different definition of kin than kinship foster care, so that "fictive kin" (such as godparents) who can be kinship foster parents, are ineligible for KinGAP.

Schuyler Center urges the Legislature to fund the Kinship Guardianship Assistance Program as an uncapped permanency option outside of the Foster Care Block Grant, and to make changes to the statute so that: payments continue until age 21 regardless of age of finalization; and the definition of kin is aligned with kinship foster care, so that "fictive kin," such as godparents, are eligible.

Restore funding for Kinship Caregiver Services and increase funding for the Kinship Navigator Program to \$300,000

Once funded at \$2,750,000 in the 2009-10 Budget, funding for relative caretaker programs decreased significantly, to \$338,750 in the 2011-12 Budget and has remained flat at that level ever since, and continuing in the 2016-17 Executive Budget.

Approximately 3% of all children in New York State live with relatives or close family friends in private or public kinship care arrangements.⁹ Kinship Caregiver programs offer important supports and services to kin, a majority of whom are grandparents, who care for their relatives' children in their household outside of the formal foster care program, and often with extremely limited resources. Relative caretaker programs provide information about family members' rights, support to meet children's education and health care needs, and assistance with obtaining health and social service benefits. For as little as \$510 per child per year, these programs are far less costly than foster care placement. There were once 21 multi-county programs; now only eight programs remain covering 13 counties. These programs require secure, stable, and sufficient funding to support kin caregivers.

Schuyler Center requests that the Legislature restore funding for Kinship Caregiver programs to \$2.7 million and increase funding for the Kinship Navigator Program to \$300,000 to ensure that kinship families can access the supports they need.

Fund post-adoption services

The Executive Budget includes a \$5 million investment, funding that comes from adoption assistance savings, for post-adoption services. We applaud the Governor for this investment. The State's responsibility to children in foster care and families should not end if a child is adopted. Many children in foster care have significant emotional, mental and behavioral health issues due to childhood trauma, and, therefore, require additional services and supports. Adoptive parents who are unable to find the appropriate supports their child and family needs may be forced to dissolve their family and place their child in foster care, which hurts families and is more costly to the State.

However, the language in the appropriation for this funding is unclear. To ensure that these funds are available to support families in the critical time post-adoption, it is essential that the bill language be clarified so that the funding is directed to post-adoption services.

The Schuyler Center urges the Legislature to maintain \$5 million for post-adoption services, and to clarify bill language directing that funds be used for preventive and post-adoption services.

Juvenile Justice

Raise the jurisdictional age for juvenile justice to age 18 and raise the lower age to 12 for all children

The Governor's Executive Budget includes recommendations from the Commission on Youth, Public Safety and Justice to raise the age of juvenile jurisdiction to 18, and the minimum age of juvenile jurisdiction from age 7 to 12. The Executive Budget includes an initial investment of approximately \$10 million for services and expenses related to raising the age, as well as funding for capital projects related to raising the age.

New York State must pass comprehensive legislation this year to raise the age for juvenile jurisdiction. Comprehensive legislation should address the following points:

- Raise the overall age of juvenile jurisdiction to 18, which is consistent with other states.
- Ensure no youth who is 16 or 17 years-old is placed in an adult jail or prison.
- Amend the law to ensure parental notification upon the arrest of a 16- or 17-year-old and ensure 16- and 17-year-olds are interviewed using practices employed for youth, including parental involvement prior to waiving Miranda rights.
- Better address the collateral consequences of court involvement and help youth become successful adults by sealing records and expanding youthful offender status to age 21 and to additional non-violent crimes.
- Increase investments in the front-end diversion services that keep youth in their communities rather than incarceration. These alternatives to detention, placement and incarceration services are less expensive and more effective at reducing recidivism.
- Originate as many cases of 16 and 17 year-olds in Family court as possible; create Youth Parts in adult court for remaining cases, and apply the Family Court Act to as many as possible, regardless of which courthouse in which the case is heard.
- Raise the lower age of juvenile delinquency from age 7 to age 12 (except for homicide offenses, which should be raised to 10).

We applaud the Governor for taking action on this important issue, and look to the Legislature to ensure that New York passes comprehensive legislation this year.

The Schuyler Center urges the Legislature to pass comprehensive legislation to raise the age of juvenile jurisdiction.

Family Economic Security

We mention three initiatives related to family economic security in our Human Services testimony because families that earn a living wage are afforded workplace policies that accommodate family responsibilities, and are given tax relief that provides additional resources to invest in their children, will rely less on State-funded human services. In addition, the Governor's proposal to raise the minimum wage—which would result in wage increases for thousands of workers in the health and human services sector whose wages are funded almost exclusively through government contracts and reimbursements—could result in a severe curtailment of essential services to the State's most vulnerable residents if the State does not grant the non-profit service providers increased funds to cover the higher wages.

Adequately fund the proposal to raise the minimum wage to cover the wage increase for human services workers employed by non-profit organizations with State and county contracts

The Executive Budget includes provisions to increase the minimum wage to \$10.50 in New York City and \$9.75 in the remainder of the state, effective July 1, 2016, gradually increasing the minimum wage to \$15.00 in New York City on December 31, 2018 and across the rest of the state on July 1, 2021. This is a significant proposal, aiming to help raise low-wage working families out of poverty. There is a significant discrepancy between the amount a full-time, year-round minimum wage worker earns and the amount necessary to provide for a family. At the State's current minimum wage of \$9.00 per hour, a person working full-time and year-round (40 hours per week, 52 weeks) earns \$18,720 (before the Earned Income Tax Credit and public assistance).

It is essential that the State address, and adequately fund, the increase for low-wage workers in the health and human services sector whose wages are funded through government grants and contracts. Among those who would be granted a much-deserved raise under these provisions are hundreds of thousands of human services workers who care for some of our State's most vulnerable residents, including children, seniors, and people with special needs. These caretakers—the workers who provide personal care, home care, child care, care for seniors and disabled people—are a large and important part of our statewide workforce that would directly benefit from an increase in the minimum wage. The special challenge here is that, in many cases, employers in this sector are non-profit organizations funded to care for people through State programs or public contracts. For these non-profit employers to be able to cover the wage increase without cutting hours or services, New York State will need to increase rates, fees and contracts associated with the provision of these services.

While concerns have been raised about the costs associated with funding a raise for human services workers, over time, cost savings will accrue to the State as a result of a wage increase. First, the extent to which working families rely on State-funded public support programs will diminish. For example, a recent University at California Berkeley study finds that between 2011 and 2013, New York State and its counties spent almost \$3 billion on public programs and services for families in which at least one worker earned less than \$15 an hour.¹⁰ So, too, there are significant financial costs associated with high turnover in the human services sector.¹¹ Raising the wage rates for human services workers is expected to result in a more stable workforce, generating savings for employers in terms of moneys spent on recruitment and training. Workforce stability also brings improved services for clients, many of whom depend on consistency and reliability for their care.¹² Accordingly, an investment in funds to cover a raise for human services workers now

will pay off later both financially in terms of reduced turnover costs, and in the form of improved services for vulnerable New Yorkers who depend on skilled and reliable human services workers to heal, grow and thrive.

The Schuyler Center urges the Legislature to include increased funding for health and human services entities to cover the cost of wage increases in those sectors, ensure that people in need can receive the services they need, and safeguard the State's non-profit health and human services sector.

Enact a strong paid family leave program

The Governor's Budget includes a proposal to offer 12 weeks of paid family leave to all New York private sector workers. This is welcome news for New York's working families. With the enactment of paid family leave, New York would join the ranks of New Jersey, Rhode Island and California, all of which have successfully integrated Paid Family Leave Insurance into their Temporary Disability Insurance programs, to the benefit of working families. A strong paid family leave program would ensure that when workers need to be with their families to bond with a new child or care for a seriously ill family member, they will be able to meet these health and family responsibilities without putting their jobs and financial stability at risk. Adequate wage replacement is important to protect low-wage workers who live paycheck to paycheck and do not have savings to fall back on.

For a paid family leave policy to benefit all New York families—including low-income families—it must contain five components:

- 1) 12 weeks of leave time to bond with a new child, care for a seriously ill family member, or address issues arising from a family member's military service;
- 2) Job protection throughout the leave period;
- 3) Coverage for all private sectors, no matter the size of their employer;
- 4) A wage replacement rate of at least two-thirds of a worker's average weekly wage, and preferably 90% for low-wage workers; and
- 5) A modest increase to the State's Temporary Disability Cap (which has been frozen at the 1989 level of \$170 per week).

The Governor's Executive Budget proposal includes the first three essential components of a strong paid family leave program. The proposed program also will not lead to any significant expenditure of resources by the State or by employers because the paid family leave benefits would be financed solely through small employee payroll deductions.

However, the Governor's proposed phased-in schedule of wage replacement beginning at 35% of the worker's average weekly wage in 2018, and maxing out at 50% of the worker's average weekly wage in 2021, is too low to ensure that low-wage workers can afford to take leave. Low-wage workers generally have little or no savings. Receiving only half their wages while on leave is insufficient to allow them to take time off. Under a proposal of 50% wage replacement, a minimum wage worker would get just \$180/week. Under this scenario, low-wage workers will not be able to take this leave, even though they have paid for it. A wage replacement rate of 90% would provide low-wage workers with the opportunity to access more of their wages while on leave, which will increase the likelihood that they might be able to use the leave.

The Governor's proposal also does not include an increase to the TDI. Without this increase, there would be a lack of parity between the rate of wage replacement a worker would receive for family leave and that available for a worker who is temporarily disabled.

Schuyler Center urges the Legislature to enact a strong family leave program that covers all workers, provides 12 weeks of leave, provides two-thirds wage replacement and 90% for low-wage workers, provides job protection, and raises the Temporary Disability Insurance benefit.

Increase the Earned Income Tax Credit (EITC)

The Governor's Executive Budget does not include an increased Earned Income Tax Credit (EITC). The EITC, for working taxpayers earning up to the \$53,267 maximum, is one of the best ways to "make work pay" for low-income families. EITC also positively impacts children: research shows that the children of EITC recipients do better in school and are healthier.

Earlier this month, the Assembly, recognizing the benefits of the EITC for working families and children, introduced a bill that would increase the EITC from its current 30% to 35% of the federal benefit. This is a welcome and significant proposal. However, at a time when income inequality in New York continues to grow, it is important that the State support working families by increasing the EITC to 40% of the federal benefit.

Schuyler Center urges the Legislature to increase the State's EITC to 40% of the federal benefit to help support working families.

New York – An Opportunity State

We urge the Legislature to place a special focus on programs designed to keep families and children from falling through the cracks by supporting the recommendations in this testimony as steps toward realizing opportunities for New York's vulnerable citizens. Adequately funding these programs is good for New York's children and families and will also yield significant cost savings down the road.

Thank you. We appreciate the opportunity to submit testimony and look forward to continuing to work with you to build a strong New York.

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¹ Amanda Noss, "Household Income: 2013," *American Community Survey Briefs* (September 2014); see also "Pulling Apart: A State by State Analysis of Income Trends," *Economic Policy Institute/Center on Budget and Policy Priorities*, (November 2012).

² Thomas A. LaVeist, Darrell J. Gaskin, Antonio J. Trujillo, "Health Disparities, Neighborhood Poverty, and Racial Composition," Johns Hopkins Bloomberg School of Public Health, 2011, available at: http://jointcenter.org/sites/default/files/Neighborhood%20Poverty%20and%20Racial%20Composition%20Presentation%20-%20LaVeist%20Gaskin%20Trujillo_0.pdf.

³ Greg Duncan and Katherine Magnuson, "The Long Reach of Early Childhood poverty," *Pathways* (Winter 2011).

⁴ Helen F. Ladd, "Education and poverty: Confronting the Evidence," *Journal of Policy Analysis and Management*, Vol. 31, No. 2, 1-25 (2012).

⁵ Survey conducted by Prevent Child Abuse New York, July 2013.

⁶ Fang, Xiangming, Derek S. Brown, Curtis S. Florence, James A. Mercy, "The economic burden of child maltreatment in the United States and implications for prevention," *Child Abuse & Neglect* (2012), pp. 36, 156-165.

⁷ See "New Directions in Child Abuse and Neglect Research," Report of the Institute of Medicine (2013), available at: <http://iom.nationalacademies.org/reports/2013/new-directions-in-child-abuse-and-neglect-research.aspx>

⁸ This is true of all young adults. See National Center for Education Statistics: <http://nces.ed.gov/fastfacts/display.asp?id=77>

⁹ "2013-2015 Children in Kinship Care," Kids Count Data Center, available at <http://datacenter.kidscount.org/data/tables/7172-children-in-kinship-care#detailed/2/34/false/1491,1443,1218,1049,995/any/14207,14208>.

¹⁰ Ken Jacobs, et. al, "The Public Costs of Low Wages in New York," UC Berkeley Center for Labor Research and Education Research Brief (January 2016), p. 4, available at: <http://laborcenter.berkeley.edu/the-public-cost-of-low-wages-in-new-york/>.

¹¹ Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," November 16, 2012, available at: <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf> (noting that on average, turnover costs for positions earning less than \$30,000 are 17% of the employee's salary, and greater as the salary increases).

¹² Federation of Protestant Welfare Agencies, Fiscal Policy Institute, Human Services Council, "A Fair Wage for Human Services Workers: Ensuring a government funded \$15 per hour minimum wage for human services workers throughout New York State," (December 2015) available at: <http://fpwa.org/wp-content/uploads/2015/12/FINAL-REPORT-15andFunding.pdf>.